

立法會
Legislative Council

Ref: CB1/ BC/15/98/2

LC Paper No. CB(1)361/99-00
(These minutes have been
seen by the Administration)

Bills Committee on Revenue Bill 1999

**Minutes of meeting held on
Tuesday, 4 May 1999, at 10:45 am
in Conference Room A of the Legislative Council Building**

Members present : Hon Margaret NG (Chairman)
Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon Christine LOH
Hon CHAN Kam-lam
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon Mrs Miriam LAU Kin-ye, JP

Members absent : Hon Eric LI Ka-cheung, JP
Hon Ronald ARCULLI, JP
Hon CHAN Yuen-han
Hon Andrew CHENG Kar-foo

Public officers attending : Mr Martin GLASS
Deputy Secretary for the Treasury

Mr WONG Ho-sang
Commissioner of Inland Revenue

Miss Amy TSE
Principal Assistant Secretary for the Treasury

Miss Vivian SUM
Assistant Secretary for the Treasury

Dr Ernest S W LEE
Assistant Commissioner for Transport

Mr LAI Pak-hay
Chief Superintendent Traffic, The Police

Mr Richard YUEN
Deputy Secretary for Economic Services

Mr Raymond TANG
Assistant Director of Marine

Mr Y Y CHU
Chief Assessor
Inland Revenue Department

Mr Thomas LI
Senior Assessor
Inland Revenue Department

Ms Sherman CHAN
Senior Assistant Law Draftsman
Department of Justice

Clerk in attendance : Miss Odelia LEUNG, Chief Assistant Secretary (1)1

Staff in attendance : Ms Bernice WONG
Assistant Legal Advisor 1

Mr KAU Kin-wah
Assistant Legal Advisor 6

Mrs Mary TANG
Senior Assistant Secretary (1)2

Before inviting the Administration to the meeting, the Chairman informed members the following -

- (a) pursuant to the decision of the Bills Committee on 26 April 1999, a press release was issued on 27 April 1999 to invite written submissions on the Bill. The same press release was uploaded to the Homepage of the LegCo Secretariat in the Internet. The

deadline for submission of views was 7 May 1999; and

- (b) as at the date of the meeting, a total of 54 submissions had been received and a summary of the submissions was under preparation and would be issued to members shortly. All the submissions received so far were in support of a substantial increase in the fixed penalty for smoky vehicles.

2. Mrs Miriam LAU sought the Chairman's views on whether the proposal to substantially increase the fixed penalty for smoky vehicles should be discussed by the Bills Committee as this touched on environmental policy. The Chairman said that Miss Christine LOH sought to amend the fixed penalty for smoky vehicles proposed under the Bill. As there were no provisions under the Rules of Procedure which would disallow the discussion on a proposed amendment to a bill, members and the Administration were free to exchange their views. It would be up the President of LegCo to decide whether such an amendment should be permitted.

3. Mrs Miriam LAU said that she was aware that the Administration would be coming up with a package of proposals to combat smoky vehicles. As such, she was of the view that it was not appropriate for the Bills Committee to single out the proposal to increase the fixed penalty for smoky vehicles for discussion.

4. Mrs Selina CHOW queried whether the Bills Committee should discuss an amendment to the bill which was under contemplation. The Chairman said that discussion could be held on an issue as long as it related to the Bill. Miss Christine LOH informed that she intended to propose an amendment to clause 25 of the Bill to increase the fixed penalty for smoky vehicles from \$450 to \$5,000, as against the Administration's proposal of increasing it to \$570. Mr CHAN Kam-lam said that it would be helpful if Miss LOH could draft her proposed amendment for members' reference.

5. Mrs Selina CHOW was concerned that the Bills Committee might waste time to discuss an amendment which might have charging effect and might be ruled out of order by the President. The Chairman said that it was not a common practice to seek the President's ruling on a certain amendment before a bills committee proceeded to discuss it. As Miss Christine LOH had indicated her intention to move an amendment, the amendment should be put forward for discussion by the Bills Committee. She considered that the Bills Committee should dedicate a meeting to discuss Miss LOH's amendment after expiry of the deadline for receiving submissions. The Chairman requested the Administration to provide written comments on Miss LOH's proposed amendment.

I Meeting with the Administration
(LC Paper No. CB(1)1251/98-99)

6. The Deputy Secretary for the Treasury (DS for Tsy) briefly took members through the Administration's response to the concerns raised by members at the meeting on 26 April 1999.

Increased fixed penalties for traffic-related offences

7. The Chief Superintendent (Traffic), the Police (CS(T)) said that the Police had adopted the Selective Traffic Enforcement Policy (STEP) since 1993. The aim of the policy was to reduce traffic accidents and traffic congestion. For traffic or parking offences which did not give rise to accidents and obstruction to traffic flow, the Police would exercise flexibility and discretion in enforcement action, which might be in the form of warnings, or the issuance of fixed penalty tickets (FPT). The decline in the number of FPTs issued over the years was in part due to the flexible prosecution policy adopted by the Police as well as the package of traffic improvements measures implemented by the Transport Department including the increased supply of parking spaces.

8. The Assistant Commissioner for Transport (AC for T) said that apart from increasing the number of parking spaces from 450,000 in 1994 to 520,000 in 1998, the Administration had improved public transport facilities to enhance their uses. As a result, more members of the public travelled by public transport. Statistics showed a decline of 3% in the use of private vehicles and an average of 11,000,000 daily trips made using public transport. In other words, the reduced number of parking offences recorded could have been due to a general reduction in the number of private car trips.

9. Noting a decline in the number of FPTs issued, Mr SIN Chung-kai queried the need for an increase in fixed penalties. He said that the Administration had to provide evidence to show that the traffic situation had worsened and that the present penalty levels had not had sufficient deterrent effect.

10. AC for T said that if the penalty levels were not adjusted in line with inflation, there would be a possibility that the deterrent effect would be eroded. Whilst the overall number of parking offences committed in new towns was reduced, illegal parking was still a serious problem in old districts like Mongkok. DS for Tsy said that there was a need to adjust the penalty levels in line with inflation to maintain the deterrent effect in real terms.

11. Mrs Miriam LAU was concerned about the inadequate number of off-street parking spaces for certain categories of vehicles, particularly in old districts where drivers of mini-buses and light goods vehicles had no way of

finding suitable parking spaces. CS(T) concurred that the parking problem in old districts was relatively serious which need to be addressed. He said that the decline in the overall number of parking offences was due in part to the increase in parking spaces in new towns in the New Territories. With the implementation of STEP, the Police was focusing their attention on districts with heavy traffic. AC for T added that the Administration had been granting short-time tenancy for the provision of carparks for light buses, trucks and vans.

12. Mr SIN Chung-kai and Mr Albert HO expressed reservations about the implementation of STEP because selective enforcement might create unfairness. Mr SIN suggested that, instead of conferring the discretionary power on the Police, consideration should be given to introducing a graded system of fines. Parking offences committed in districts with heavy traffic flow would attract a higher level of fines than those committed in areas with less traffic. CS(T) said that given the wide range and the varied severity of traffic offences, the police need to exercise discretion in enforcement. Mr Andrew WONG said that a graded system of fines would cause confusion.

13. Mrs Selina CHOW opined that if the decline in the number of FPTs issued was attributed to the implementation of the package of traffic improvement measures, she failed to see the need for an increase in penalty levels. Mrs Miriam LAU was of the view that an increase in penalty levels could not solve the illegal parking problem if the root cause of shortages in parking spaces in busy districts was not addressed. CS(T) said that an increase in penalty levels would enhance the deterrent effects and was necessary in combating serious illegal parking problem in traffic blackspots.

Admin. 14. As members remained unconvinced of the need to increase the penalty levels for traffic-related offences in the absence of statistical support, the Administration agreed to provide the prosecution figures for parking and moving offences by district and information on the problem of double parking.

15. Responding to Mr Albert HO's enquiry about the review of the speed limits on road, AC for T said that the review was an ongoing exercise which was conducted in consultation with the public and the transport trade. CS(T) added that the working group on the relaxation of speed limits had just completed the first and second stages of review. The speed limits for a total of 17 highways had been relaxed consequently. Mr HO considered it inappropriate to consider an increase in penalty levels when the review had yet to be completed. He asked that adjustments to penalty levels for speeding be postponed upon the completion of the review.

16. Noting that the Administration was contemplating on a package of measures to control speeding, Mr LEE Cheuk-yan also expressed that it was

inappropriate to increase the penalty levels for speeding at this stage. CS(T) reiterated that the proposed increases in fixed penalty levels were meant to bring them in line with inflation. The package of proposals to control speeding was a separate issue which was not directly related to the proposed increase.

Increased charges for metered parking spaces

17. Mr SIN Chung-kai informed members that the Democratic Party intended to move an amendment to clause 43 of the Bill to adjust the maximum on-street parking meter charges from \$4 to \$6 per hour, as against the Administration's proposed increase from \$4 to \$8 per hour. Mr SIN Chung-kai expressed the Democratic Party's concern that a 100% increase in meter charges would induce increases in off-street parking charges.

18. Mrs Miriam LAU queried the basis of proposing a 100% increase in on-street parking meter charges. She enquired if the proposed increase was a recommendation of the consultancy study on parking meters.

19. AC for T said that the proposed increase was a traffic management measure and was not recommended by any consultancy study. Since the existing on-street parking meter charges were much lower than off-street parking charges, drivers always waited or circulated around for metered parking spaces. This had caused unnecessary traffic movement. The increase in on-street parking meter charges would improve the on-street parking situation and would help achieve the objective of maintaining a 15% availability of parking spaces.

20. In response to members, the Administration agreed to provide -

- (a) the reasons for doubling the on-street parking meter charges;
- (b) information on overseas experience in respect of on-street and off-street parking;
- (c) information on the consultancy study on parking meters; and
- (d) information on multi-storey carpark fees over the past few years.

Tunnel tolls

21. Mr SIN Chung-kai informed members that the Democratic Party intended to propose an amendment to clause 37(d) of the Bill to adjust Cross

Harbour Tunnel tolls for private cars and motorcycles to \$15 and \$6 respectively, as against the Administration's proposal of a respective increase to \$20 and \$8. In response to members, Administration would advise the reasons for increasing the tunnel tolls for the Cross Harbour Tunnel and the Lion Rock Tunnel, preferably with statistics to support the need for the increases.

Clause by clause examination of the Bill

22. Members proceeded to clause-by clause examination of the Bill -

Clauses 1 and 2

23. Members noted the clauses.

Clauses 3 and 4 Import and Export (Registration) Regulations, Cap. 60

24. DS for Tsy said that the clauses sought to amend the Import and Export (Registration) Regulations to reduce the declaration charge for re-exports from 0.05% of the value of goods declared to 0.025%.

Clauses 5 to 7 Betting Duty Ordinance, Cap. 108

25. DS for Tsy said that the clauses sought to amend the Betting Duty Ordinance to increase the betting duty rate on exotic bets on horse races from 18% to 19% and that on Mark Six lotteries from 20% to 25% and to reduce correspondingly the rates for the respective prize money pools.

Clause 8 Dutiable Commodities Ordinance, Cap. 109

26. DS for Tsy said that the clause sought to amend a resolution made under the Dutiable Commodities Ordinance to extend for one year until 31 March 2000 the period during which the reduced duty rate of \$2.00 per litre for light diesel oil applied.

Clauses 9 and 10 Estate Duty Ordinance, Cap.111

27. The Commissioner of Inland Revenue (CIR) explained that the clauses sought to exempt life insurance proceeds from estate duty irrespective of where they were paid. Mr Albert HO expressed support for the amendment as it would improve the competitiveness of local insurance companies by putting them on a par with overseas insurance companies. Members noted that insurance proceeds would not be included as aggregation of property under clause 10 of the Bill.

Clauses 11 and 12 Inland Revenue Ordinance, Cap. 112 and Inland Revenue (Qualifying Debt Instruments) Order

28. CIR said that the clauses sought to amend the Inland Revenue Ordinance and its subsidiary legislation to reduce from \$500,000 to \$50,000 the minimum denomination for debt instruments eligible for the 50% concessionary rate of profits tax. In response to Mr SIN Chung-kai, DS for Tsy said that the proposed privatization of Mass Transit Railway Corporation would not be affected by clause 12.

Clauses 13 to 21 Stamp Duty Ordinance, Cap 117

29. Members noted that clauses 13, 14 and 16(a) sought to amend the Stamp Duty Ordinance to remove the requirement for hand written notes signature for contract notes.

30. CIR explained the changes in stock borrowing arrangements brought about by clauses 16(b) to (e) and 17. Briefly, the amendments would abolish the present rule which restricted the exemption from stamp duty stock borrowed for up to 12 months only. The Assistant Legal Adviser 6 said that the amendments would facilitate stock borrowing. Members noted that the proposed amendments had not been discussed by the Financial Affairs Panel.

Admin. 31. In response to Mr SIN Chung-kai and Mr CHAN Kam-lam, the Administration would provide in the format of a table a comparison on the existing and proposed arrangements, the purpose of the proposed changes, the operation mechanism and the views of the trade.

32. CIR said that the clause 15 and clauses 18 to 20 sought to defer the payment of stamp duty on residential property transactions until the execution of the assignment or upon sub-sale of the property. The amendments would specify the circumstances under which a cancelled chargeable agreement for sale was not subject to stamp duty. The proposed arrangement would make it easier for genuine home buyers to cope with the initial outlay and would ensure the charge of stamp duty on the speculative sub-sale by a confirmor.

33. CIR advised that clause 21 sought to increase the stamp duty rates on property transactions for properties costing over \$3 million.

Admin. 34. In response to the Chairman, CIR agreed to provide the updated statistics on property transactions since the announcement of the 1999-2000 Budget with a breakdown of the number of purchases which had been affected by the adjustment of the stamp duty rates.

(Post-meeting note: The information requested by members was provided by the Administration and circulated vide LC Paper No. CB(1)1318/98-99.)

35. Mr Albert HO informed members that the resolution he intended to move to amend the Public Revenue Protection (Revenue) Order 1999 had been ruled out of order by the President.

36. Members agreed that the third and fourth meetings of the Bills Committee would be held on 13 May 1999 at 8:30 am and 24 May 1999 at 2:30 pm.

II Any other business

37. There being no other business, the meeting ended at 12:50 pm.

Legislative Council Secretariat
8 November 1999